

Total assets turnover ratio = Total revenues for the year divided by the average total assets during the year

Calculation of the **total assets turnover ratio** includes:

Total revenues from the income statement for the year ended _____.

Average total assets computed from the balance sheet amounts during the year.

Total revenues	\$ _____	R
<i>divided by the average</i> total assets	\$ _____	TA
= Total assets turnover ratio	=====	(R / TA)

Notes:

R Total revenues may appear as *total sales* or as *net sales* on the income statement.

TA Total assets will be reported at the end of the asset section on each balance sheet.

Since the *average* total assets during the year is needed, you will need to look at the balance sheet amounts throughout the year. If the changes are not significant, you can compute a simple average of the beginning of the year amounts and the end of the year amounts. If the amount of total assets has changed significantly, **Form G3** can be used to compute a 13-month average.